

Message Text

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ORIGIN COME-00

INFO OCT-01 CIAE-00 DODE-00 EB-07 NSAE-00 TRSE-00 EUR-12

SS-15 ERDA-05 ISO-00 /040 R

DRAFTED BY COM/OEA:JCNELSON;STATE/EWT:JRTARTTE

APPROVED BY EB/ITP/EWT:JRTARTTER

DOD/ISA-EMURPHY

COM/OEA-EPWALINSKY

EUR/EE-RCHRISTENSEN

EB/ITP/EWT-OSANDERSON

E-MR. MORRIS

C-WSHINN

EB/ITP-MGLITMAN

S/S: FORTIZ

----- 052532

R 161751Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

C O N F I D E N T I A L STATE 086938

EXCON

E.O. 11652: XGDS-1 ;;

TAGS: ESTC, YO

SUBJECT: EXPORT CONTROL PROCEDURES

REF: A) BELGRADE 1547

B) BELGRADE 1692

1) APPRECIATE REPORT FROM DIMOV ON DISPOSITION OF SIX
DIVERSION CASES (REFTEL A) BROUGHT TO YUGOSLAV ATTENTION
IN CONNECTION WITH DECEMBER VISIT OF EXCON TEAM. THESE
CASES NOW UNDER STUDY IN WASHINGTON. (FYI: AMONG QUESTIONS
BEING EXAMINED ARE CREDIBILITY OF STATEMENTS RE YUGOSLAV
ACTIONS AGAINST VIOLATORS AND WHAT FURTHER ACTION, IF ANY,
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MAY BE TAKEN AGAINST VIOLATORS AND AMERICAN FIRMS ALLEGED

TO HAVE CONNIVED WITH THEM. END FYI.)

2) RE ALLEGED STATEMENTS (REFTEL B) BY COMMERCE TO U.S. FIRMS CONCERNING A BASIC POLICY REASSESSMENT ON LICENSES FOR YUGOSLAVIA, WE ARE ASSURED THAT NO RESPONSIBLE OFFICIALS HAVE MADE SUCH STATEMENTS. WHEN ASKED, COMMERCE HAS TOLD FIRMS THAT PROBLEMS OF DIVERSION HAD ARISEN NECESSITATING REVIEW OF MECHANISMS. MORE RECENTLY FIRMS HAVE BEEN ADVISED THAT THE UNDERLYING DIFFICULTIES HAD BEEN RESOLVED.

3) CONCERNING CURRENT DELAYS IN PROCESSING, WE HAVE CONFIRMED THAT ACROSS-THE-BOARD DELAYS OF KIND WHICH PRECEDED DECEMBER EXCON VISIT HAVE ENDED. DELAYS NOW OCCURRING ON INDIVIDUAL CASES ARE DUE EITHER TO (A) DEFICIENCIES IN END-USE INFORMATION OR (B) SHIPMENTS TO YUGOSLAV ENTITIES KNOWN TO HAVE ENGAGED IN DIVERSION. DOD REVIEW OF OTHER YUGOSLAV CASES IS VERY RAPID.

4) END-USE INFORMATION:

(A) COMMERCE IS NOW RECEIVING THE FIRST OF THE END-USE CERTIFICATES (EUC'S) SIGNED BY DIMOV, MOSTLY DATED JANUARY, SINCE VISIT OF EXCON TEAM. COMMERCE WAS DISAPPOINTED TO FIND THAT IN MOST CASES ACTUAL END-USERS ARE NOT INDICATED BUT ONLY IMPORT-EXPORT AGENCIES. END USE HAD BEEN OMITTED FROM ALL BUT ONE CASE. EMBASSY WILL RECALL THAT DIMOV COMMITMENT TO SUPPLY IDENTIFICATION OF END-USER AND END-USE WAS AN IMPORTANT PART OF OUR UNDERSTANDINGS WITH YUGOSLAVS TO DEAL WITH DIVERSION PROBLEM (BELGRADE 6084, PARA 11).

(B) ALTHOUGH END-USE MIGHT SOMETIMES BE DIFFICULT TO EXPRESS CONCISELY, SOME IDENTIFICATION SHOULD BE POSSIBLE. SUCH INFORMATION WILL NOT OBIVIATE ALL PRE-LICENSE CHECKS, BUT WOULD BE IMPORTANT STEP IN PROMPT PROCESSING OF MOST APPLICATIONS. CONCURRENTLY WITH THIS MESSAGE, WE ARE SENDING TWO CABLES REQUESTING PRE-LICENSE CHECKS IN 22 CASES. NEED FOR THIS WOULD HAVE BEEN AVOIDED IN MANY OF THE CASES WITH SUFFICIENT END-USE INFORMATION.

(C) SOME YUGOSLAV FIRMS IMPORT GOODS FOR STOCKING, I.E. CONFIDENTIAL

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DO NOT HAVE SPECIFIC CUSTOMERS IN VIEW FOR SPECIFIC ORDERS. THEY ORDER GOODS FOR MAINTENANCE OF U.S. INSTRUMENTATION ALREADY EXPORTED OR FOR MANUFACTURING NEEDS OF OTHER YUGOSLAV FIRMS. LICENSE APPLICATIONS REFLECTING SUCH STOCKING WILL NECESSARILY BE CLOSELY SCRUTINIZED BY COMMERCE AND DOD AND ARE MORE LIABLE TO REQUIRE PRE-LICENSE CHECKS.

5) DEFENSE REVIEW REQUIRED BY EXPORT ADMINISTRATION ACT AS AMENDED OCTOBER 29, 1974 HAS NECESSARILY EXTENDED LICENSING PROCESS. DEFENSE HAS BEEN RESPONSIVE TO COMMERCE EFFORTS TO REDUCE THESE DELAYS BY LIMITING THE NUMBER AND TYPES OF CASES SENT TO DOD AND REDUCING TIME SPENT IN SCREENING. COMMERCE NOW HAS RESUMED LICENSING CASES UNDER DELEGATIONS OF AUTHORITY IN 59 OUT OF 63 CATEGORIES. DOD IS CONTINUING HOWEVER TO SCREEN ALL COMPUTER AND COMPUTER-RELATED ITEMS WHICH FORM AN IMPORTANT SHARE OF THE TOTAL. FURTHER PROGRESS IN THIS AREA WILL BE LINKED TO YUGOSLAV PERFORMANCE ON END-USE INFORMATION AND SATISFACTORY DISPOSITION OF DIVERSION CASES.

6) ONE SOURCE OF DIFFICULTY SEEMS TO BE FACT THAT NUMBER OF YUGOSLAV IMPORT/EXPORT ENTITIES HAS GREATLY INCREASED IN RECENT YEARS AND MANY OF THEM, ESPECIALLY OUTSIDE OF BELGRADE AND ZAGREB, ARE POORLY INFORMED ON EXPORT CONTROL REGULATIONS. A LARGE NUMBER OF APPLICATIONS ARISE IN LJUBLJANA, BUT SIGNIFICANT TRANSACTIONS ALSO INVOLVE FIRMS IN BANJA LUKA, NIS, RIJEKA, SARAJEVO AND SPLIT. WOULD WELCOME EMBASSY OR CONGEN VIEWS ON THIS PROBLEM AND SUGGESTIONS FOR REMINDING YUGOSLAV FIRMS OF OUR REQUIREMENTS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STRATEGIC TRADE CONTROLS, EXPORT LICENSES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE086938
Document Source: CORE
Document Unique ID: 00
Drafter: JCNELSON;STATE/EWT:JRTARTTE
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750134-0664
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750445/aaaabpss.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BELGRADE 1547
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 May 2003 by GarlanWA>; APPROVED <27 MAY 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT CONTROL PROCEDURES
TAGS: ESTC, YO
To: BELGRADE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006